

Message Text

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R 311115Z JUL 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 307

INFO AMEMBASSY BANGKOK

AMEMBASSUR ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL HONG KONG

AMCONSUL MADRAS

USMISSION USUN NEW YORK

USLO PEKING

CINCPAC

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY JAKARTA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY PARIS

AMEMBASSY WARSAW

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 10289

CINCPAC FOR POLAD

EO 11652: XGDS-1

TAGS: PFOR, IN, UR

SUBJ: INDIA'S EMERGENCY: THE IMPACT ON INDO-SOVIET RELATIONS

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SUMMARY: SOVIET OFFICIALS IN DELHI HAVE MIXED FEELINGS ABOUT INDIA'S FIRST MONTH OF EMERGENCY. IN THEIR OWN ARGOT THEY ARE PLEASED THAT A "RIGHTIST CONSPIRACY" LED BY J.P. NARAYAN HAS BEEN STYMIED AND THE INDIAN GOVERNMENT IS NOW PREPARED TO CONTINUE - HOWEVER HALTINGLY - ALONG THE "PATH OF SOCIALIST DEVELOPMENT." AT THE SAME TIME THE SOVIETS ARE NOT AS YET LOOKING AHEAD WITH CONFIDENCE. THEY ARE CONCERNED ABOUT A POSSIBLE "REGROUPING" OF RIGHTIST FORCES OPPOSED TO MRS GANDHI BOTH WITHIN AND OUTSIDE OF THE RULING CONGRESS PARTY, ARE AWARE OF THE RISKS FOR THE CPI IN THE NEW SITUATION, AND SEE OTHER PROBLEMS DEVELOPING WHICH COULD HAVE IMPLICATIONS FOR THE INDO-SOVIET RELATIONSHIP. OUR OVERALL IMPRESSION IS THAT THE SOVIET OBSERVERS IN DELHI ARE NOT YET PREPARED TO RECOMMEND CONSPICUOUS GESTURES IN SUPPORT OF THE PRIME MINISTER. END SUMMARY.

1. AMBASSADOR MALTSEV LEFT DELHI JULY 29 FOR A SCHEDULED TEN WEEKS OF CONSULTATIONS AND VACATION IN MOSCOW. FROM CONVERSTATIONS WITH SOVIET EMBASSY OFFICIALS AND FROM OTHER

INDICATIONS WE BELIEVE MALTSEV WILL REPORT TO HIS SUPERIORS MIXED IMPRESSIONS ABOUT DEVELOPMENTS IN INDIA SINCE THE JUNE 26 DECLARATION OF EMEGJENCY AND A CAUTIOUS ESTIMATE OF NEAR-TERM PROSPECTS FOR INDO-SOVIET RELATIONS. ON THE POSITIVE SIDE MALTSEV WILL TALK ABOUT THE PRIME MINISTER'S ANNOUNCED PLANS FOR "GETTING THE COUNTRY MOVING AGAIN" AND HER ACTION THROTTLING THE RIGHTIST "CONSPIRACY" (BY WHICH IS MEANT THE CRACKDOWN ON THE DISPARATE FORCES IN AND OUT OF THE CONGRESS PARTY WHO SEEK HER DOWNFALL). ON THE NEGATIVE SIDE HE WILL PROBABLY POINT TO THE MANY UNCERTAINTIES REMAINING AND THE PRIME MINISTER'S APPARENTLY OWN RESERVED ATTITUDE TOWARDS THE INDO-SOVIET RELATIONSHIP. IN THE LATTER REGARD HER REPORTED INTENTION TO CHOOSE BETWEEN A RETIRED CIVIL SERVANT AND AN OUT-OF-FAVOR CONFIDANT IN SELECTING THE NEXT INDIAN AMBASADOR TO MOSCOW MAY ALSO COME UP FOR DISCUSSION.

2/ THE PRIME MINISTER'S SHARP REBUFF TO THE "RIGHT REACTION-ARY AND LEFT ADVENTURIST FORCES" HAS BEEN THE MOST SATISFYING DEVELOPMENT FOR THE SOVIETS. UNTIL SHE ACTED, COMMUNIST DIPLOMATS HERE MAINTAINED THE VIEW (OFFICIALLY ADOPTED LAST CONFIDENTIAL

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JANUARY BY THE CPI 10TH CONGRESS) THAT INDIAN WAS ENTERING A PERIOD OF "SHARPENING CONFRONTATION BETWEEN THE LEFT AND DEMOCRATIC FORCES...AND COUNTERREVOLUTIONARY FORCES...AND STROMY PERIOD, A PERIOD OF SHARP TWISTS AND TURNS IN THE SITUATION." THERE WAS CONCERN THAT THE RIGHT FORCES LED BY J.P. NARAYAN WOULD EMERGE ON TOP IN THIS CONFRONTATION (THE SOVIETS HERE SPRINKLED THEIR CONVERSATIONS WITH REFERENCES

TO THE OUTCOME IN CHILE), AND THAT INDIA MIGHT PULL BACK FROM THE "SOCIALIST PATH OF DEVELOPMENT" AND THE CLOSE RELATIONSHIP FORMALIZED BY THE 1971 FRIENDSHIP AND COOPERATION TREATY.

3. THE SOVIETS NOW APPEAR SATISFIED THAT THE IMMEDIATE DANGER OF A SHIFT TO THE RIGHT HAS BEEN THWARTED. HOWEVER THEY DO NOT APPEAR SO CONFIDENT ABOUT INTERNAL POLITICAL DEVELOPMENTS DURING THE BALANCE OF THE YEAR, AND ADMIT THAT THE SITUATION STILL BRISTLES WITH UNCERTAINTY. REFLECTING THAT UNCERTAINTY, COMMUNIST MEDIA ARE BEGINNING TO WARN OF A REGROUPING OF THE RIGHTIST FORCES, OF THE INFILTRATION OF RIGHTIST ELEMENTS INTO THE CONGRESS PARTY. THE SOVIETS PRIVATELY ACKNOWLEDGE THAT MRS GANDHI AT LEAST PARTLY ACTED ON JULY 26 IN ORDER TO DISPERSE FORCES BUILDING UP AGAINST HER WITHIN THE CONGRESS PARTY ITSELF. HAVE THOSE FORCES REALLY BEEN ROUTED? THEY ASK. THERE ARE ALSO SIGNS OF SOME DIFFERENCES WITHIN THE CPI ITSELF; THE DAILY CPI ORGAN PATRIOT AND THE PRO-CPI WEEKLY MAINSTREAM APPEAR TO HAVE

DIVERGED ON CERTAIN POINTS. SOME INDIAN JOURNALISTS WE HAVE SPOKEN WITH BELIEVE THAT THE CPI HAS CAUSE TO BE NERVOUS, ESPECIALLY BECAUSE MRS GANDHI HAS SO NARROWED HER CIRCLE OF ADVISERS THAT THE FAR LEFT NO LONGER HAS EASY ACCESS TO HER. A MORE AUTHORITARIAN MRS GANDHI IS ARGUABLY LESS DEPENDENT ON OUTSIDE POLITICAL SUPPORT, E.G., THE CPI'S. ACCORDING TO THIS ANALYSIS THE RULING CONGRESS PARTY'S AGREEMENT TO OCCASIONAL JOINT PROGRAMS WITH THE CPI IS ONLY A SOP TO THE COMMUNISTS TO ALLAY THEIR INCREASING ANXIETY, A SOP WHICH THE CONGRESS PARTY CAN EASILY AFFORD AND MOSCOW AND ITS ALLIES WILL WELCOME.

4. A SCND POSITIVE DEVELOPMENT WHICH MALTSEV CAN SITE (AFTER HE EXHAUSTS HIS ACCOUNT OF THE REBUFF TO THE "RIGHTIST

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CONSPIRACY") IS THAT THE PRIME MINISTER MAY REALLY BE TRYING TO BESTIR THE INDIAN ECONOMY. SOVIET OFFICIALS HAVE MADE CLEAR TO US ON SEVERAL OCCASIONS SINCE JUNE 26 THAT EVEN IF MRS GANDHI HAS NOT GONE FAR ENOUGH IN HERECONOMIC PROGRAM (IN LAND REFORM AND NATIONALIZATION OF LARGE INDUSTRY), ANY ACTION TO PUT THE COUNTRY BACK TO WORK IS NOW WELCOME. THE SOVIETS FEEL THEIR OWN PROJECTS IN INDIA HAVE SUFFERED GREATLY BECAUSE OF THE POLITICAL TURBULENCE OF PAST MONTHS. IF IN FACT THERE IS MOVEMENT ON THE ECONOMIC FRONT, THE SOVIETS STILL HAVE TO DEAL WITH THE CHANGED FOCUS OF INDIAN ECONOMIC PRIORITIES. THE FOCUS ON AGRICULTURE AND IRRIGATION, FERTILIZER PRODUCTION AND MINING LEAVES CONSIDERABLY REDUCED SCOPE FOR THEIR CURRENT PROGRAMS. FOR EXAMPLE, THE PROPOSED SOVIET ASSISTED CALCUTTA SUBWAY PROJECT HAS ALREADY BEEN POSTPONED INDEFINITELY AND STEEL EXPANSION HAS BEEN CUT BACK SHARPLY

(ACCORDING TO PRESS REPORTS THE SOVIETS PROTESTED THIS CUT-BACK). THIS LEAVES MINING AND DOMESTIC OIL EXPLORATION AS THE TWO SIGNIFICANT REMAINING AREAS, BUT EVEN IN MINING THE SOVIETS ARE NOT INVOLVED IN THE LARGEST PROJECT OF ALL, THE KUDREMUKH IRON ORE PROJECT. IN MORE TRADITIONAL AREAS OF COOPERATION, SUCH AS INDIAN PUBLIC SECTOR DRUG PRODUCTION, INDIAN OFFICIALS HAVE RECENTLY TOLD EMBOFFS THAT THEY WERE SKEPTICAL ABOUT THE QUALITY OF SOVIET COOPERATION AND INDICATED THAT THEY MIGHT BE OPEN TO CHANGING THIS TO WESTERN SOURCES.

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AMCONSUL BOMBAY
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AMVZKSUL HONG KONG 1889
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USMISSION USUN NEW YORK
USLO PEKIMB
CINCPAC
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CINCPAC FOR PDLAD

5. THE QUESTION WHICH MALTSEV MAY FACE IN MOSCOW IS WHETHER ANY POLITICAL CAPITAL MIGHT BE GAINED AT THE PRESENT JUNCTURE BY AN ECONOMIC CONCESSION TOWARDS INDIA. A GOOD MARXIST
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PRESUMABLY ESTIMATES THAT THE PRIME MINISTER'S NEAR-TERM POLITICAL PROSPECTS WILL LARGELY BE DETERMINED BY HOW WELL SHE CAN MANAGE THE ECONOMY. THERE ARE A NUMBER OF AREAS WHERE THE SOVIETS COULD MAKE SUCH CONCESSIONS. THEY HAVE ALREADY FOLLOWED THE WESTERN
HAD AND REDUCED THE PRICE ON FIXED PRICE
CONTRACTS FOR FERTILIZER. THEY COULD CHOOSE TO DROP PRESSURE FOR A REVALUATION OF THE RUPEE-RUBLE RATE. OR, MOST DRAMATICALLY, THEY COULD WRITE OFF OR REDUCE THE INDIAN OBLIGATION TO REPAY TWO MILLION TONS IN GRAIN -AN OBLIGATION WHICH BEGINS TO COME DUE ON JUNE 15, 1976. IN VIEW OF THE OVERALL SOVIET POLICY THERE IS LITTLE LIKELIHOOD THAT SOVIETS WOULD BE PREPARED TO WRITE OFF OR RESCHEDULE OTHER DEBTS. AS FAR AS WE KNOW, NONE OF THESE SUBJECTS HAVE BEEN BROACHED DURING THE LAST MONTH.

6. THE ANSWER TO QUESTIONS WHICH MALSSEV CONFRONTS IN MOSCOW DEPENDS IN THE FINAL ANALYSIS ON THE SOVIET EVALUATION OF THE

PRIME MINISTER'S ATTITUDE TOWARDS THE INDO-SOVIET RELATIONSHIP. MRS GANDHI HAS MADE FAVORABLE REFERENCES TO THE SOVIET UNION IN RECENT MONTHS ("THE SOVIETS STOOD ON OUR SIDE EVERYTIME WE WERE IN NEED OF THEIR HELP") AND HER CONGRESS PARTY HAS PUBLICLY EXPRESSED

ITS APPRECIATION FOR THE SUPPORT OF THE SOCIALIST AS WELL AS NON-ALIGNED COUNTRIES DURING THE CURRENT CRISIS. BUT

SHE HAS FOR SOME TIME SPURNED INVITATIONS TO TRAVEL TO MOSCOW (NEW DELHI 6978) AND THE SOVIETS HERE SAY THERE ARE NO PLANS FOR A VISIT THIS YEAR. THERE ARE ALSO UNCONFIRMED REPORTS IN DELHI THAT SHE RECENTLY TURNED ASIDE A REQUEST BY MALTSEV TO SEE HER AND INSTEAD DIRECTED HIM TO THE FOREIGN SECRETARY KEWAL SINGH. (A SOVIET SOURCE TELLS US THAT MALTSEV DID SPEAK WITH HER BRIEFLY AT A MEMORIAL SERVICE FOR THE LATE INDIAN AMBASSADOR TO MOSCOW, D.P. DHAR, JULY 12). MORE IMPORTANTLY SHE HAS STASHED AWAY "IN HER OWN LONG DRAWER" VARIOUS SOVIET INITIATIVES OVER THE PAST SEVERAL YEARS, INCLUDING A REQUEST FOR A FISHING AGREEMENT (THE USSR HAS SUCH AGREEMENTS WITH FOURTEEN INDIAN OCEAN LITTORAL STATES) AND

THE ASIAN COLLECTIVE SECURITY PROPOSAL. (HER MOST RECENT PRONOUNCEMENT ON THE LATTER WAS TYPICALLY CAUTIOUS. SHE TOLD SEVERAL GDR JOURNALISTS LAST DECEMBER THAT "COLLECTIVE CONFIDENTIAL

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SECURITY CAN WORK ONLY WHEN YOU CAN PERSUADE ALL THE COUNTRIES TO COME TO CONSIDER THAT THEIR PROBLEMS ARE COMPLEMENTARY AND NOT CONFLICTING, WHICH IS NOT THE CASE IN ASIA JUST YET").

7. BEFORE REACHING ANY CONCLUSIONS ABOUT MRS GANDHI'S CURRENT ATTITUDE THE SOVIETS MAY FIRST WANT TO WEIGH HER ANTICIPATED EARLY CHOICE OF AN AMBASSADOR TO MOSCOW. THE LEADING CANDIDATES ARE REPORTED TO BE FORMER DEFENSE MINISTRY SECRETARY GOVIND NARAIN, NOW RETIRED, WHOSE RELATIONSHIP WITH THE SOVIET UNION HAS BEEN LIMITED TO DEFENSE MATTERS, AND THE FORMER PRINCIPAL SECRETARY TO MRS GANDHI P.N/E HAKSAR, WHO HAS SUFFERED AN ECLIPSE WITH MRS GANDHI BECAUSE OF HIS ALLEGED MISHANDLING OF THE COURT CASE WHICH PRECIPITATED THE JUNE 26 DECLARATION OF EMERGENCY. THE CHOICES ARE NOT THAT SCINTILLATING. BUT MOSCOW HAS BEEN WITHOUT AN INDIAN AMBASSADOR FOR OVER TWO MONTHS AND IF THE PRIME MINISTER DELAYS NAMING A SUCCESSOR FOR DHAR MUCH LONGER THE IMPRESSION WILL GROW THAT SHE MAY NOT REALLY WISH TO BUTTER UP THE SOVIET RELATIONSHIP AT THIS TIME.

8. OUR OVERALL FEELING IS THAT THE SOVIET OBSERVERS IN DELHI, WHILE SATISFIED WITH THE CRACKDOWN ON THE RIGHT, ARE NOT YET PREPARED TO RECOMMEND CONSPICUOUS GESTURES IN SUPPORT OF THE PRIME MINISTER. ALTHOUGH THEY ATTACH IMPORTANCE TO INDIA'S CONTICIED FRIENDSHIP AND THE 1971 TREATY COMMITMENTS, THERE IS LITTLE EVIDENCE THEY SEE NEED FOR A MAJOR EXERTION AT THIS TIME TO IMPROVE ON THE RELATIONSHIP. BY THE SOVIET READING, MRS GANDHI HAS NOT FULLY STABILIZED HER OWN SITUATION; CONCESSIONS OR OVERTURES ON HER BEHALF ARE POSSIBLY PREMATURE AND COULD PROVE COUNTER-PRODUCTIVE GIVEN THE GOI'S PRESENT PRE-OCCUPATIONS. IN ASSESSING THE SOVIET ATTITUDE IT IS NOTEWORTHY THAT PRESIDENT TITO AND THE POLISH GOVERNMENT (ON THE OCCASION OF ITS NATIONAL DAY) SENT THE PRIME MINISTER MESASURE OF SUPPORT (AND THE GDR EARLIER LAID ON A SHOWY RECEPTION FOR THE INDIAN AMBASSADOR IN BERLIN) WHILE MOSCOW, ON THE STRICTLY OFFICIAL LEVEL, HAS REMAINED SILENT. THIS HAS REINFORCED AN IMPRESSION HERE THAT THE SOVIETS ARE NOT PARTICULARLY SOLICITOUS ABOUT THE PRIME MINISTER EVEN THOUGH THEY OCCASIONALLY SUGGEST THEY SEE LITTLE OR NO ALTERNA-

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TIVE. WHEN AN EMBASSY OFFICER ASKED MINISTER-COUNSELOR ORLOV ABOUT THE ABSENCE OF A SOVIET MESSAGE, HE TESTILY REPLIED THAT

SO FAR AS HIS GOVERNMENT WAS CONCERNED THE CURRENT SITUATION WAS AN "INTERNAL MATTER" AND A MESSAGE WAS NOT APPROPRIATE. MESSAGES ARE FOR ANNIVERSARIES, HE INDICATED, AND HINTED THERE WOULD BE ONE ON THE FOURTH ANNIVERSARY OF THE INDO-SOVIET TREATY AUGUST 9. A SOVIET POLITICAL COUNSELOR SUBSEQUENTLY RATIONALIZED THE POLISH MESSAGE BY TELLING US THAT PARTY CHIEF GIREK MAY BE VISITING INDIA SOON. WE FIND BOTH THESE EXPLANATIONS FORMALISTIC, ESPECIALLY GIVEN THE SOVIET PENCHANT FOR MESSAGES, AND BELIEVE THEY BETRAY A FAR MORE RESERVED ATTITUDE ABOUT WHAT IS HAPPENING HERE THAN PRAVDA HAS BEEN SUGGESTING.
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